



**INDIANA**

restart your engines

# **STRATEGIC DIRECTIONS**

**INDIANA TOURISM: A DRIVING ECONOMIC FORCE**

**Indiana Office of Tourism Development**

September 2007

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# INTRODUCTION

Six million people call it home. Millions more visit each year. Billions of dollars are generated from vacations, visits and venues.

Tourism in Indiana is big business. The great diversity of people and places draws more visitors each year.

This increase in tourism isn't happenchance. It's planned and progressive. That's where the Indiana Office of Tourism Development (IOTD) comes in.

And that's where this strategic plan gains importance. In 2005, Lt. Gov. Becky Skillman gave the staff of IOTD an opportunity to build a vision and a plan to give the new stand-alone agency solid and measurable goals.

The good news is that in just two years, a metamorphosis has occurred. Today, we're seeing visitation numbers rise even with gas prices sliding upward. Our tourism industry remains strong and is growing.

IOTD has been able to show the results of its hard work. Today, IOTD continues to see the expansion of tourism and the significant contribution it makes to Indiana's economy.

# EXECUTIVE OVERVIEW

With the passage of Senate Bill 335, The Indiana Office of Tourism Development became a stand-alone agency under the leadership of Lt. Gov. Becky Skillman in 2005. Lt. Gov. Skillman views tourism as a significant contributor to the state's economy in terms of economic activity, business attraction, and community development.

Annually, the tourism industry brings in approximately \$9 billion in spending from 59 million leisure visitors—people who travel at least 50 miles to reach one of Indiana's many destinations. Tourism contributes to a diversified economic base and visitor spending creates more than 264,000 tourism-related jobs each year. The effects of visitor spending within local economies reach not only traditional tourism entities, but also businesses such as gas stations, restaurants, and grocery stores.

The Travel Industry Association of America (TIA) found that travel increased by 2.9 percent in 2005. IOTD has refocused its efforts to emphasize improving Indiana's image from a neutral position to a positive one. IOTD initiatives directed at improving Indiana's image include an increased marketing investment in television, radio, consumer magazine and on-line media advertisements, and Web-based promotions.

To capitalize on this opportunity, Lt. Gov. Skillman charged IOTD with construction of this strategic plan, which provides specific goals and objectives, offers tactics to achieve these goals, and includes metrics to ensure IOTD is successful in positioning Indiana as a top leisure visitor destination in the Midwest.

Development of this plan began in June 2005 with listening tours around the state where industry officials and other interested parties provided their input and suggestions for IOTD. This information was collected and used to guide a smaller working group of 20 stakeholders in identifying the strategic goals for IOTD. In the summer of 2007, the plan was updated.

<b>Strategic Goal 1</b>	Position IOTD as an alliance manager throughout the state
<b>Strategic Goal 2</b>	Create development programs to enhance existing attractions or create new attractions
<b>Strategic Goal 3</b>	Promote a strategic brand for Indiana
<b>Strategic Goal 4</b>	Expand IOTD operating budget through creative partnerships

*“As we strive to create a broader base for Indiana’s economy, the tourism industry will play an important role. With growth in tourism, we’ll realize broader economic opportunities for individual Hoosiers and their communities.”*

— Lieutenant Governor  
Becky Skillman

## VISION

**Vision:** Indiana will be a top leisure visitor destination in the Midwest, with growth in leisure travel annually exceeding our competitive set.

IOTD will focus on its strategic goals and utilize the state’s assets of scenic beauty, geography, developed attractions, and historical importance to grow Indiana’s tourism industry and realize the vision of making Indiana a top leisure visitor destination in the Midwest, with annual growth exceeding our competitive set.

## SITUATION ANALYSIS

Before looking at an analysis of where IOTD is today, it is important to note how much progress has been made in the last few years.

- ◆ May 2005: IOTD became a stand-alone agency under the leadership of Lt. Gov. Becky Skillman
- ◆ Summer 2005: IOTD held media trainings throughout the state
- ◆ April 2006: IOTD launched its new brand—Indiana: Restart Your Engines—after eight months of research and testing
- ◆ April 2006-September 2006: IOTD placed image advertisements for the first time in consumer magazines
- ◆ Summer 2006: IOTD conducted three development trips to educate the industry on development in nearby states
- ◆ October 2006: Advertising Effectiveness Research showed an economic impact increase of \$89.6 million, making the total economic impact \$368.5 million (Strategic Marketing Research, Inc.)
- ◆ October 2006: Research shows the association of the new brand has risen to 80%, which makes it the second highest in the consumer set, and a 35% increase from 2005 with the previous brand (Strategic Marketing Research, Inc.)
- ◆ January 2007: IOTD launched the redesigned Web site — [VisitIndiana.com](http://VisitIndiana.com)

After understanding the last few years, it is crucial to have an analysis of tourism’s current economic impact, visitor profile, product, office services, and financial structure.

*Indiana is a getaway destination for visitors seeking a trip close to home.*

## **Economic impact: Tourism is crucial to Indiana's economy**

- ◆ Indiana tourism is a \$9 billion industry.
- ◆ Tourism annually attracts 59 million leisure visitors—people who drive 50 miles or more one way to visit one or more attractions. This does not include the hundreds of thousands of people who travel as part of conventions or on business.

Tourism brings in billions of dollars to the state each year in visitor spending; the tourism industry's reach is broad and strong. Indiana has 264,960 jobs directly related to tourism, which translates to \$5.83 billion in payroll.

### **Tourism's economic impact**

Jobs both full-time and part-time	264,960
Payroll	\$5.83 billion
State government tax receipts	\$308.2 million
Local government tax receipts	\$120.8 million

*(Travel Industry Association of America, 2004)*

For every dollar invested in tourism marketing by the state and its partners, travelers spend \$612 in Indiana. The state also realized \$33 in sales tax revenues for every dollar invested in destination advertising (Source: Strategic Marketing and Research, Ad Effectiveness Study, 2006).

The value of tourism goes beyond the jobs it creates and the dollars that visitors spend staying in Indiana hotels, dining in restaurants, and visiting attractions. It has a direct impact on the quality of life for Hoosiers by creating stronger communities and offering unique experiences. The driving motivators that influence visitor travel are often the same factors considered by Indiana residents and potential residents when choosing where to live.

*Although business travel is a vital market, leisure travel remains the consistent presence among most Indiana counties.*

## Indiana's tourism products

Indiana offers a variety of tourism products that appeal to a wide number of travelers. The state's central location makes one-day travel convenient for many visitors from around the Midwest. By identifying Indiana's key products, the state can better assess its opportunities for the future.

- ◆ **Motor sports:** From the famed Indianapolis Motor Speedway, to the smaller tracks around the state, Indiana is known as the center of the motorsports industry.
- ◆ **Outdoor recreation:** Indiana has 21,000 miles of rivers and streams, the nation's most visited state park, and more than 1.1 million acres of state and county recreation areas. There are 24 state parks, 12 state forests, nine reservoirs, 151 nature preserves, 21 fish and wildlife areas, and four nationally designated properties, including the Indiana Dunes National Lakeshore and the Hoosier National Forest. Governor Daniels' "Trails Initiative" will support trail development from \$10-20 million annually with the goal of every Hoosier being within 15 minutes of a trail by 2016.
- ◆ **Historical importance:** Indiana is home to 1,535 properties that are on the National Register of Historic Places, 14 State Historic Sites, 36 National Historic Landmarks, two National Memorials, a National Historic Park, and more than 450 museums.
- ◆ **Cultural and heritage experiences:** Indiana has a strong cultural tourism base with venues like the Fort Wayne Museum of Art, Terre Haute Art Museum, and the Indianapolis Museum of Art. Likewise, performing arts organizations such as the Evansville Philharmonic Orchestra and the Indianapolis Symphony Orchestra are tourism assets. Other cultural and heritage tourism experiences unique to Indiana include Columbus' world-class architecture, Northern Indiana Amish Country, and Abraham Lincoln heritage sites.
- ◆ **Spectator sports:** Indiana is already a well-known sports center—the Indiana Pacers, Indiana Fever, Indianapolis Colts, Indianapolis Indians, Indiana Ice, a number of minor league hockey and baseball teams throughout the state, and collegiate sporting events and museums.
- ◆ **Special interest attractions:** The Children's Museum of Indianapolis, the Academy of Model Aeronautics, and James Dean properties are well-known attractions in the state.
- ◆ **Gaming:** Indiana is home to 11 riverboat casinos, which drew more than 23 million visitors in 2006 and employ approximately 16,500 people.
- ◆ **Events and festivals:** Communities across the state host annual festivals that draw thousands of visitors.
- ◆ **Golf:** With nearly 450 golf courses located throughout the state, Indiana offers golfers of all skill levels a variety of options on courses designed by some of the biggest names in golf, including Pete Dye, Jim Fazzio, Robert Trent Jones, and Fuzzy Zoeller.

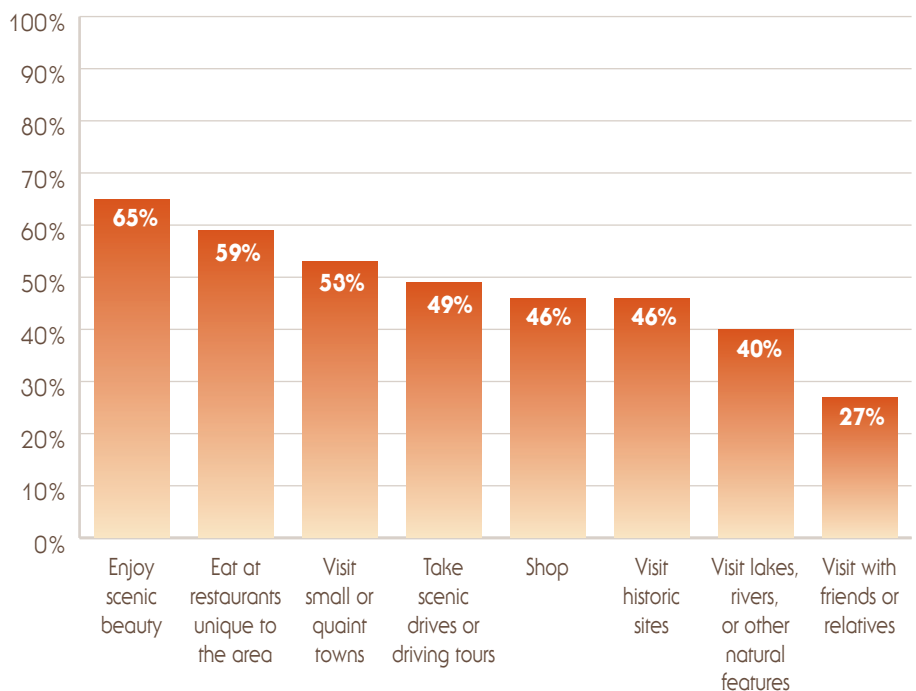
## The Indiana visitor

The typical Indiana visitor is 42 years old with a household income of \$62,000 who travels with one or two other visitors. Indiana is a getaway destination for visitors seeking a trip close to home. They drive between 101 and 200 miles to visit friends and relatives, where they appreciate Indiana's scenic landscape, eat at a unique restaurant, and shop (Source: Strategic Marketing and Research 2005).

### More about the average Indiana visitor:

1. Average trip length is 2.32 days, well below the competitive set (2.75) and U.S. average (2.97).
2. Travel parties average 2.38 people. Indiana travel parties are most often families (32%), followed by couples (28%), and one adult travel parties (27%).
3. Almost all (83%) leisure travelers drive to Indiana destinations.
4. The largest proportion of Indiana visitors travel to see a friend or relative (37%). Other Indiana overnight leisure stay purposes are getaway weekend (20%), general vacation (10%), and other personal purposes (10%).
5. About 31% travel in the summer, 28% in the spring, 24% in the fall, and 17% in the winter.
6. A total of 43% are in-state visitors who travel more than 50 miles. The top visitor DMAs are Indianapolis, Chicago, and Fort Wayne. Other top states are Illinois, Ohio, and Michigan.

### Top Indiana leisure traveler activities

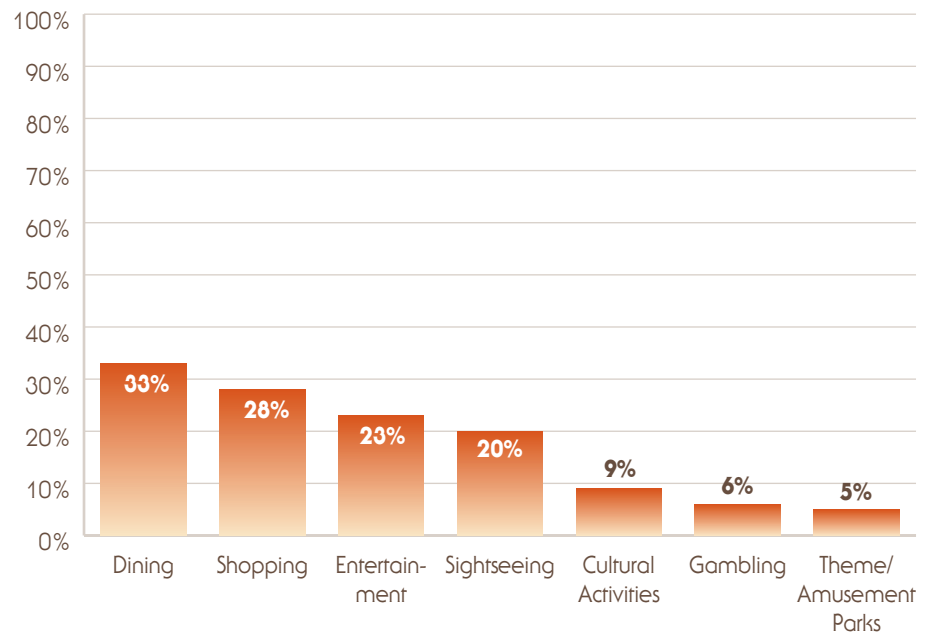


(According to Strategic Marketing and Research, Inc., 2006 Conversion Research)



*IOTD uses the regional approach to organize its publications, Web site, sales, and to communicate with the industry.*

### Top national leisure traveler activities:



*(According to Travel Industry Association of America, 2007)*

### Leisure vs. business travel

Although business travel is a vital market, leisure travel remains the consistent presence among most Indiana counties. For the first time nationally, leisure travel surpassed business travel in 2004.

According to TIA, leisure travel accounted for 75% of all U.S. domestic travel in 2005. Similar to travel trends in Indiana, about half of leisure travel is for visiting friends and relatives, with about 27% for pleasure or personal reasons. About 49% of leisure travel includes an overnight stay, and although visiting friends and relatives is the most popular reason for the travel, visitors are just as likely to stay at a lodge or hotel as with those they are visiting.

### Financial resources

Based on the Travel Industry Association's most recent survey, IOTD's annual budget of approximately \$4.8 million will rank 43rd in the United States among all state tourism budgets.

Competitive states	
Illinois	\$48,957,900
Michigan	\$15,629,143
Kentucky	\$15,830,500
Ohio	\$6,712,845
Indiana	\$4,813,369

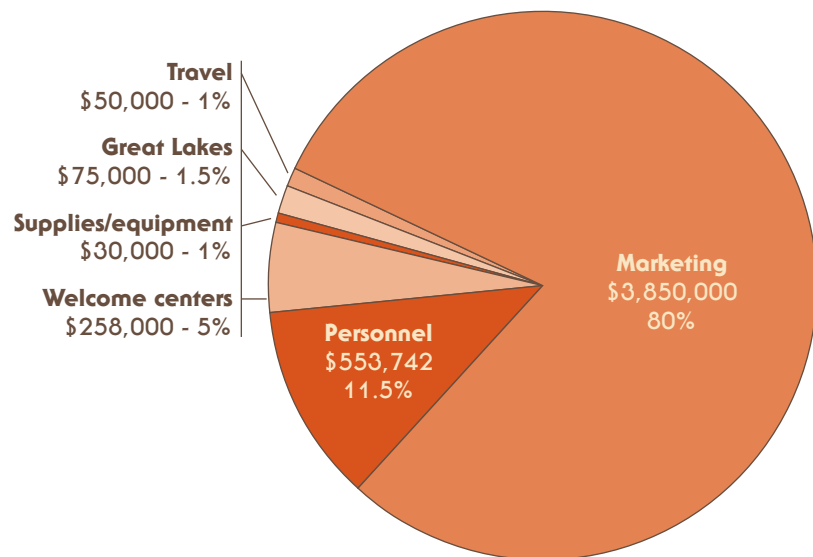
While IOTD's budget is relatively small as compared to the competitive states, IOTD works hard to maximize its media campaigns.

*“We want to encourage tourism partnerships throughout Indiana by providing leadership, facilitating discussion, and serving as a liaison to Indiana’s tourism industry. By working together, we will be able to accomplish much more than by working individually.”*

— Lieutenant Governor  
Becky Skillman

## IOTD’s 2007-2008 Budget

\$4,813,369



IOTD has been successful in creating additional revenue through private resources. In fact, Indiana ranks fifth in the country for the amount of private revenue raised for tourism promotion. Of this private revenue, about \$1.8 million is generated through online and publication opportunities.

Currently, IOTD is working to generate additional revenue by:

- ◆ Researching product development programs offered by other states.
- ◆ Identifying new models for review to increase private revenue streams.
- ◆ Identifying new sales opportunities (e.g., Midwest Living insert and online co-op) to offer to tourism industry partners.

## Environmental factors

Rising fuel prices will continue to be a factor for Hoosiers and out-of-state visitors traveling to Indiana tourism destinations. Gas price spikes in the summer months particularly affect the amount of disposable income available to travelers.

Other environmental concerns:

- ◆ Increased competition from more distinct destinations
- ◆ Local tourism budgets under attack
- ◆ Other Midwestern states becoming more competitive and more aggressive
- ◆ Overbuilding of hotel rooms

## Office of Tourism Development

The nine-member IOTD provides a variety of services for the tourism industry, including:

- ◆ Annual Hoosier Hospitality Conference
- ◆ Awards programs
- ◆ Cooperative advertising
- ◆ Professional development seminars
- ◆ Research
- ◆ Travel publications
- ◆ Web site

The state is divided and marketed in all publications by six tourism regions, which helps bring the industry together in smaller geographic segments. This process has been standard since 1996.

IOTD uses the regional approach to organize its publications, Web site, sales, and to communicate with the industry. IOTD encourages tourism partners to work together (regardless of regional boundaries) on niche similar projects. Partnerships should be based on tourism product rather than geography.

*“Indiana has been a best-kept secret for too long. With friendly people, a convenient location and unique attractions, our state is a great place to visit. We are going to build Indiana’s image as a getaway destination.”*

— Lieutenant Governor  
Becky Skillman

# STRATEGIC GOALS

## Strategic Goal 1 – Position IOTD as an alliance manager throughout the state

IOTD serves as an alliance manager, acting as a liaison to industry partners and offering direction and guidance where needed. In corporate America, alliance managers have become a driving force. Corporations have recognized that increased emphasis needs to be placed on relationships to foster improved efficiency.

IOTD will develop a network within the industry, which will encourage and facilitate cooperation. Specifically, IOTD will offer services including professional development seminars, best practices case studies, and a platform for open communication throughout the industry. By encouraging best practices, the Indiana tourism industry will have increased opportunities for enhanced marketing, product development, and growth.

In particular, IOTD will work closely with the Indiana Tourism Council that serves an important role in representing Indiana’s tourism industry. Made up of a cross-section of tourism industry members, it will have a lead role in advancing efforts to expand the tourism industry.

### Strategy:

IOTD will share best practices, encourage new ideas, and connect organizations with like goals by serving as a facilitator.

To continue bringing groups of similar interests together, IOTD will offer to serve as the conduit through both electronic and print marketing for these groups. This may include the Lincoln bicentennial, agritourism, artisan development opportunities, scenic byways, and others.

IOTD will encourage development of wine trails, artisan trails, golf trails, and heritage trails.

Key partners in this effort includes:

- ◆ Association of Indiana Convention and Visitors Bureaus
- ◆ Indiana Arts Commission
- ◆ Indiana Association of Museums
- ◆ Indiana Bed & Breakfast Association
- ◆ Indiana Department of Agriculture
- ◆ Indiana Department of Natural Resources
- ◆ Indiana Department of Transportation
- ◆ Indiana Economic Development Corporation
- ◆ Indiana Golf Course Owners Association
- ◆ Indiana Hotel and Lodging Association

- ◆ Indiana Office of Community and Rural Affairs
- ◆ Indiana State Department of Agriculture
- ◆ Indiana State Fair
- ◆ Indiana State Festivals Associations
- ◆ Indiana Tourism Council
- ◆ Indiana Wine Grape Council
- ◆ Restaurant and Hospitality Association of Indiana
- ◆ Tour Indiana

**Measurement:**

Alliance management programs will be evaluated by the number of new projects developed and partnerships formed. Regular evaluation will be completed by industry partners and participants in alliance management programs.

*“We need creative funding solutions to expand the impact of Indiana tourism. Through expanded funding, we will be able to attract more visitors to Indiana and increase visitor-generated spending.”*

— Lieutenant Governor  
Becky Skillman

## Strategic Goal 2 – Create development programs to enhance existing attractions or create new attractions

To improve Indiana’s tourism product, IOTD must create a climate conducive to development in the state. Development programs are critical in attracting new sites to locate here and to ensure that current sites can continue to succeed and meet growing demand.

Other states have implemented specific development programs and have seen growth in their tourism product. However, simply duplicating these programs and offering them in Indiana may not be the best course of action for sustained development of Indiana’s tourism product.

Indiana’s development programs, to the extent they are developed and employed, must be performance based, and targeted to high return on investment projects that balance the need for tourism development with the continuous financial needs of the state. Simply shifting revenue across the state does not offer the expansion of the industry that IOTD desires.

### Strategy:

IOTD will work with economic leaders of the state and tourism industry to offer specific development programs. IOTD’s function will involve a pilot program for communities to be assessed based on their potential for development activity.

### Measurements:

IOTD will determine the success of development programs by:

- ◆ The number of participants in the program that successfully complete project
- ◆ The amount of capital invested in tourism development projects related to the program
- ◆ The economic impact of related development projects, including the number of jobs created and taxes generated

Product development actions:

- ◆ **2005** – Mitch Nichols Product Development Seminar
- ◆ **2006** – Product Development Best Practice Trips (West Virginia, North Carolina, Kentucky, Iowa)  
Product Development Research (Strategic Marketing and Research Inc.)
- ◆ **2007** – Partnership with Indiana Office of Community and Rural Affairs, Indiana State Department of Agriculture, and Indiana Arts Commission for statewide artisan development project
- ◆ **2008** – Roger Brooks completing community assessments through AICVB partnership

### Strategic Goal 3 – Promote a strategic brand for Indiana

IOTD conducted market research in September 2005 to determine the effectiveness of Indiana's brand image. The research showed that Indiana was brand-neutral. The state had neither a negative nor a positive image. In fact, Indiana had lost some of its equity in the "Enjoy Indiana" tagline and brand.

IOTD began a research based process that identified Indiana: restart your engines as the new tagline. Initial research indicated restart your engines had a 60% association with Indiana—the highest to date. Research found restart your engines communicated action-packed, adventurous, exciting, and lively—all travel motivators that were not communicated previously.

#### Strategy:

IOTD will advance the brand through targeted marketing efforts. IOTD has continued to extend the brand's reach with the following:

- ◆ **Image advertisements** – IOTD has produced image ads that were placed in nine consumer magazines in 2006 and eight consumer magazines in 2007.
- ◆ **Web site** – IOTD redesigned VisitIndiana.com and launched the new site in January 2007. Not only was the new brand incorporated, but research was used to ensure the site addressed IOTD's consumer needs. Since the redesign, visits have been up 39% and pageviews are up 43%.

#### Measurement:

IOTD will annually determine the success of branding by:

- ◆ Evaluation of the state's image and efforts made to drive the state's image to a more positive position, away from its current neutral position.
- ◆ Measurement of advertising effectiveness and recall.
- ◆ Measurement of return on investment, including incremental travel generated by advertising efforts.
- ◆ Evaluation of visitor spending.

## Strategic Goal 4 – Expand IOTD operating budget through creative partnerships

An inability to effectively market the state hampered Indiana tourism. Indiana's tourism budget was stagnant, and in some cases reduced. With a better fiscal climate, IOTD's budget was increased for the first time in almost a decade.

IOTD will continue to create new marketing products in an effort to generate revenue and create marketing opportunities for its tourism industry partners. New opportunities such as co-op targeted e-mail marketing programs, Visit Indiana Day at the State Fair, and new online opportunities have recently been added.

Likewise, IOTD has begun to pursue partnerships with organizations such as OCRA, IMS, DNR, ISDA, and the Indiana Arts Commission. IOTD continues to pursue creative partnerships and collaborations. While IOTD continues to be innovative in finding other funding sources, it cannot generate enough private dollars to match its competitive set.

### Strategy:

IOTD will use the \$750,000 annual budget increase (which begins in 2007) solely for marketing and specifically to increase spring and summer media buys, increase print ad placements, and create an additional free-standing insert. This increase is a step in the right direction. However, IOTD is still being outspent. Therefore IOTD will continue to work with private industries and develop unique collaborations to increase funding.

These collaborations will include seeking trades with private and nonprofit organizations, including corporate sponsors such as RCA and Circle K.

### Measurement

Annually, IOTD will determine the success of private industry collaboration by:

- ◆ Measurement of private revenue income, expected to increase at a rate of 5% annually.
- ◆ Measurement of value-in-kind partnership trade, including the number of corporate partnerships and perceived value exposure.



# CONCLUSION

Indiana is a great place to live and visit. With its world-class attractions, unique festivals, and scenic beauty, it has a strong tourism product.

IOTD will maximize the state's tourism potential by serving as an alliance manager for the state's tourism industry, by developing creative programs to enhance and expand Indiana's tourism product, and by building a strong brand. IOTD also will generate more private revenue through innovative partnerships to increase its marketing reach.

Recognizing the dynamic nature of the tourism industry, IOTD will adapt its plan as needed to meet the changing needs and desires of travelers and to create the most impact for the tourism industry. The IOTD staff is committed to being proactive and responsive to the needs of its tourism partners in order to implement a successful long-term strategy to increase the state's leisure travel.

Tourism is big business in Indiana. It contributes to a diversified economic base, and visitor spending creates jobs. Indiana's tourism industry employs more than 264,000 people and visitors spend nearly \$9 billion each year. With increased involvement and investment, Indiana's tourism industry can have an even greater economic impact on our state.